

Rating Action: Moody's assigns Baa1 to CorpBanca's proposed US dollar senior note issue

Global Credit Research - 03 Jan 2013

New York, January 03, 2013 -- Moody's Investors Service has assigned a Baa1 foreign currency senior unsecured debt rating to CorpBanca's proposed offering of US dollar-denominated senior notes of up to USD 750 million with maturities of up to ten years. The outlook on the bond rating is negative, in line with the negative outlook on the bank's ratings since October 11, 2012, pending completion of the bank's acquisition and financing of Helm Bank S.A. (Colombia) expected in first quarter of 2013.

The following rating has been assigned:

Foreign currency senior unsecured debt rating: Baa1, negative outlook

RATING RATIONALE

CorpBanca's Baa1 foreign currency senior debt rating is derived from the bank's Baa1 global local currency rating and is therefore unconstrained by Moody's Aa1 Chilean country ceiling for bonds and notes. The debt rating incorporates the bank's D+ financial strength rating and baa3 standalone baseline credit assessment (BCA), which receive two notches of uplift reflecting Moody's assessment of the high probability of systemic support for the bank's obligations if needed. CorpBanca's ratings continue to have a negative outlook, reflecting the potential for negative pressure on its financial fundamentals as a result of its second large bank acquisition in Colombia in less than a year that hinges on the bank's ability to raise a large amount of capital. The negative outlook also reflects the execution risks related to the financing plan particularly in light of current market uncertainties although Moody's acknowledges the bank's success in raising capital to finance the Santander Colombia acquisition in first half of 2012. Also incorporated in the negative outlook is the potential pressure on the bank's Tier 1 capital due to additional goodwill generated by the Helm acquisition. A major deviation from the planned capital structure supporting the acquisition could therefore result in further negative rating actions.

The last rating action on CorpBanca was on October 11, 2012, when Moody's changed the outlook on the ratings to negative from stable following CorpBanca's October 9th announcement that it would acquire 100% of Helm Bank S.A. (Colombia).

The principal methodology used in this rating was Moody's Consolidated Global Bank Rating Methodology published in June 2012. Please see the Credit Policy page on www.moody.com for a copy of this methodology.

CorpBanca is headquartered in Santiago, Chile, and is the country's fifth largest bank in terms of total loans and deposits. The bank reported consolidated assets of US\$50.5 billion and equity of US\$4.0 billion as of June 30, 2012.

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